

EMPLOYING OLDER WORKERS IN RETAILING

A CASE STUDY OF B&Q plc's "ALL OLDER WORKER" STORE IN THE U.K.

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Americans Over 55 at Work Program

Background on B&Q

- **Largest chain of British Do-It-Yourself stores (280) (very large hardware, housewares, construction equipment stores)**
- **Revenue = £905 million (\$1.6 billion) (year ending January 1991)**
- **Employment = 15,000 overall; 50 per store average**
- **B&Q in existence for 22 years; has four major, nationwide competitors**

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B&Q's Human Resources Concerns

- **Problems in Staffing Stores**
 - **High turnover among store employees (as high as 100% annually)**
 - **Recruiting difficulties**
 - **Low "Customer Care" among some store employees (translate: typical young employee uninterested in contact with customers)**
 - **Low "product knowledge" among many store employees (translate: typical young employee has little do-it-yourself, homeownership experience)**
- **Concern about impending demographic shifts and resulting slower growth of younger labor force**

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B&Q's Recruitment Strategy

- **Match employees more closely to company's needs**
 - **Hire more part-timers**
 - **Hire persons more likely to desire longer-term employment relationship**
- **More carefully recruit to ensure that**
 - **Employees are knowledgeable about homeowner problems, solutions, tools, etc.**
 - **Employees are well-disposed to customer contact**
 - **Employees are competent numerically and can match products with verbal descriptions**
- **Older workers appeared to have high potential to fulfill each goal**
- **More women "returners" also hired**

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B&Q's Steps to Increase Employment of Older Workers

- **B&Q management sought to increase employment of older workers in stores**
- **Store managers, who have substantial autonomy, resisted change; thought older workers could not do the job**
- **B&Q management decided to demonstrate capabilities of older workers by staffing an entire store with workers aged 50 and older**
- **Store in Macclesfield (South of Manchester) opened in October 1989, entirely staffed with older workers**
- **Promising results plus desire to demonstrate that success of older workers at Macclesfield store was not a fluke led to opening an "all older worker" store in Exmouth in Southwest Britain**
- **B&Q management feels case for older workers has been made**
- **Corporate goal of 10% older worker employment across the company by end of 1991 has been set (up from 7% now)**

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Structure of Analysis

- **Macclesfield compared with five stores selected from areas of similar employment and demographic structure and with similar sales levels.**
- **Data obtained from Macclesfield and five comparison stores on: profit rate; labor turnover; absenteeism; and "leakage" of goods (through theft, damage, and non-delivery) to determine relative performance on quantitative measures.**
- **Data put into index number form, with Macclesfield set at 100, and comparison stores different from 100 in proportion to actual differences, to preserve confidentiality of competitive business information. Most data below presented in this form.**
- **Caveats**
 - **Early returns (first 47 weeks of operation)**
 - **No attempt to reflect differences in store manager effectiveness and extent of competition**

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Advantages of Hiring Older Workers

- **Profits higher by 18% in older worker store**
- **Staff turnover dramatically lower: nearly 6 times less than comparison stores**
- **Less absenteeism: 39% less than comparison stores**
- **Lower "leakage": 59% less in older worker store**

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Over 55, ready and able to work

**Macclesfield and Comparison Stores:
Sales and Employment Data**

	Sales	Number of Employees	Full-time Equivalent Employees	Average Age of Employees
Macclesfield	100	57	36	57
Store A	93	52	29	28
Store B	90	42	33	26
Store C	97	45	34	26
Store D	83	52	27	28
Store E	92	51	25	29
5 Store Average	91	48	30	27

Source: B&Q.

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Macclesfield and Comparison Stores: Profitability

<u>Profit/Sales</u>	
Macclesfield	100
Store A	94
Store B	78
Store C	112
Store D	84
Store E	58
5 Store Average	85

- **Macclesfield profitability exceeded management targets for start-up period**
- **Macclesfield profitability exceeded average of comparison stores by 18%**

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Macclesfield and Comparison Stores: Turnover

<u>Annual Labor Turnover</u>	
Macclesfield	100
Store A	689
Store B	618
Store C	373
Store D	478
Store E	654
5 Store Average	562

- **Turnover: Ratio of number of employees resigning during the year to total employment**
- **Actual turnover between 10% and 90%**
- **Macclesfield turnover nearly six times less than average of comparison stores**

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Macclesfield and Comparison Stores: Absenteeism

Average Number of Days Absent from Work

Macclesfield	100
Store A	202
Store B	139
Store C	251
Store D	102
Store E	129
5 Store Average	165

- **Macclesfield workers absent 39% less frequently than workers in comparison stores**
- **Demonstrates better work ethic of older workers**
- **Management believes that older workers (a) are more careful on the job and have fewer work-related injuries and (b) self-select so that unhealthy workers do not apply**

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Macclesfield and Comparison Stores: Leakage

	<u>Leakage/Sales</u>
Macclesfield	100
Store A	241
Store B	375
Store C	203
Store D	92
Store E	299
5 Store Average	242

- **Leakage:** difference between stock expected in store and stock actually in store; includes -- theft, damage, goods never received
- **Leakage at Macclesfield less than half of 5 store average**
- **Management believes leakage low because older workers pay more attention to customers**

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Qualitative Results to Date in Macclesfield Store

- **Many educated and experienced older people applied for positions**
- **Keeping the store fully staffed has presented no serious problems (some difficulty in staffing weekend slots)**
- **Based on market research surveys, customers have perception that staff are friendly and cooperative; customers are more likely to ask questions of sales staff**
- **Older workers are willing to work overtime (work average of 8 hours per month)**
- **Heavy lifting has not been a problem ("two can, more safely, lift what one youngster can")**
- **Initially, additional training time was provided to older workers for Macclesfield store, but based on experience at the Macclesfield and Exmouth stores, training time and content is now the same for all workers (trainers note that older workers ask demanding questions; younger workers rarely ask questions)**

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Summary of Findings

- **Macclesfield results better than average of 5 comparison stores in terms of profitability, employee turnover, absenteeism, and leakage**
- **Management highly satisfied on "customer care" issues**
- **B&Q central management thinks:**
 - **Macclesfield store is a demonstrated success and that Exmouth store will enhance "demonstration" effect**
 - **Sufficient evidence exists that older workers can do the job to persuade store managers actively to recruit older workers**
 - **Older workers can be trained in same time as younger workers**
 - **Company-wide goal of 10% over 50 employment by the end of 1991 makes sense (up from 7%)**

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